

Energy Policy

Mission

To promote the economically and environmentally responsible use of energy, resources and recyclable materials.

Summary of Activities

The **Indiana Department of Commerce's** (IDOC) Energy and Recycling Office (ERO) operates energy programs in three primary areas: fossil fuels, alternative fuels and energy efficiency programs.

Fossil fuel activities include the gathering and maintenance of data on coal, natural gas, petroleum fuels and electricity. Communication with other state and federal agencies, fuel producers and electric utilities helps maintain reliable supplies of fuel and electricity for Indiana consumers. The promotion of Indiana coal is also a component of ERO's fossil fuel activities.

Alternative fuel activities include the promotion of alternative fuels (such as natural gas, ethanol, electricity and propane for motor vehicles). The Alternative Fuel Transportation program provides grants of up to \$30,000 to cover the incremental cost of alternative fuel vehicles, fuel or the building of alternative fuel vehicle refueling facilities. The ERO is active in the Clean Cities program, a federal public-private partnership program that promotes alternative fuel vehicles. The ERO also offers Alternative Power and Energy grants of up to \$30,000 for non-transportation alternative fuels such as wind, solar, geothermal and waste-to-energy projects. The Biomass Grant Program funds research for finding new ways to derive energy from biologically based materials.

Energy efficiency activities are aimed at saving money for Indiana consumers and businesses through the reduction of energy consumption. Energy efficiency also creates environmental benefits by preventing emissions. IDOC activities include grant and loan funds for industrial energy efficiency, building renovations and the implementation of energy efficiency measures in public institutions. Grants of up to \$30,000 are available for distributed generation projects. Industrial energy efficiency projects may receive up to \$250,000 in zero-interest loans and public institutions are eligible for loans of up to \$100,000. The ERO also offers a limited number of Renewable Energy Education and Demonstration Grants for projects that are highly visible and demonstrate novel applications of energy technologies.

In all of these areas, the ERO acts as a clearinghouse for a wide variety of energy issues, providing expertise to the public, Indiana businesses and other agencies of state government.

External Factors

The ERO's programs are highly dependent on federal funding through the State Energy Program administered by the U.S. Department of Energy. The state receives approximately \$1,000,000 in federal funds each year, and State Energy Program funds are subject to fluctuations in annual federal appropriations.

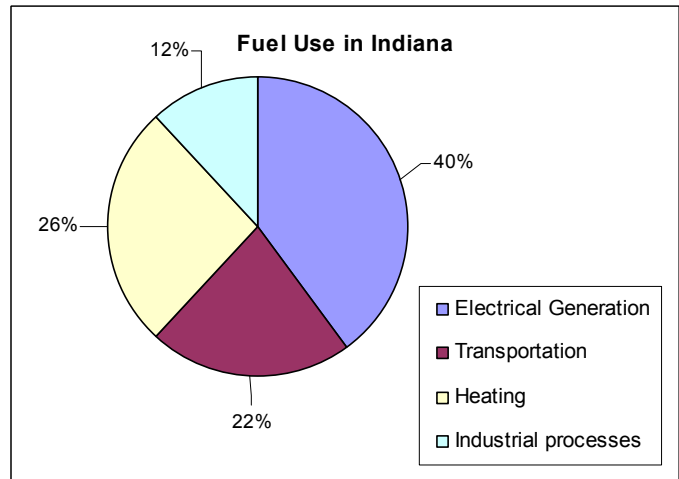
The success of ERO programs is often dependent on volatile energy markets. When market prices for energy or for specific fuels are high, the ability of the division to identify solid, cost-effective projects improves. High fossil fuel prices also tend to increase interest in alternative fuels among both businesses and the public. However, high prices also tend to be accompanied by restricted supplies of energy products, making it more difficult to ensure availability. Therefore, the type and intensity of ERO activities tend to change with fluctuations in the global energy



Evaluation and Accomplishments

From 1999 to 2002 the ERO provided funding to 66 projects. Projects funded included loans and grants for the purchase of energy-efficient or alternative fuel equipment, grants for research and development and grants for the promotion of alternative and renewable fuels. Funds provided for the purchase and installation of equipment totaled \$3,340,342. The estimated energy savings to the Indiana businesses and institutions that received these funds were \$2,551,186 per year.

An example ERO project is Lakeland High School in LaGrange, which was awarded a \$100,000 Public Facility Energy Efficiency Program loan in August 2001 to carry out an energy-efficient lighting retrofit and install a direct digital control system. The total project cost was \$107,366. The upgrades at Lakeland High School will save the school corporation over \$24,000 a year; the project will pay for itself in less than five years.



Plans for the Biennium

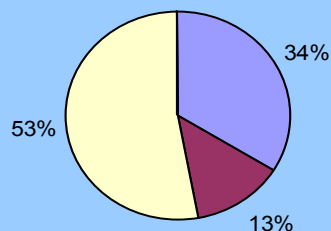
ERO plans to continue promoting energy reliability, energy efficiency and the use of alternative energy resources. As recent events have shown, there is an ongoing need for greater conservation of petroleum products, natural gas and electricity. Emphasis will be placed on industrial and institutional energy efficiency programs. By conserving energy, Indiana businesses and institutions can continue to grow while helping reduce exposure to volatile energy costs. Renewable energy efforts will be emphasized as a means of reducing dependence on traditional fuels. Efforts will also be made to aid in the development of high-technology manufacturing through the promotion of advanced energy technologies in Indiana.

Program: 0630

	Actual FY 2001	Actual FY 2002	Estimate FY 2003	Appropriation FY 2004	Appropriation FY 2005
(All Funds)	\$1,357,084	\$1,398,632	\$1,804,337	\$1,817,735	\$1,817,735

Sources of Funds FY 2004 (Approp)

□ General ■ Dedicated □ Federal □ Other



Uses of Funds FY 2004 (Approp)

□ Personal Services ■ Distributions □ Capital □ Other

